Recent legislative and geo-political activity might suggest little common ground between the United States and Russia. The respective intellectual property laws of these two countries, however, share many common goals. In fact, as reflected in the Report of the Innovation Working Group of the Russia-US Bilateral Presidential Commission (initiated by the Ministry of Economic development of the Russian Federation and U.S. Department of State), the two countries are trending towards cooperative intellectual property legislation. This article compares U.S. and Russian patent laws, with a particular emphasis on recent amendments in the areas of inventorship, prior art, and technology transfers. It further explores how these legislative amendments can shape and encourage global competition and innovation.
THE U.S. AND RUSSIAN PATENT SYSTEMS: RECENT AMENDMENTS AND
GLOBAL IMPLICATIONS FOR THE PROTECTION OF INTELLECTUAL PROPERTY
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THE U.S. AND RUSSIAN PATENT SYSTEMS: RECENT AMENDMENTS AND GLOBAL IMPLICATIONS FOR THE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

ELENA BEIER AND ANNE WRIGHT FIERO*

I. INTRODUCTION

While the U.S. and Russian patent systems share many common goals, including the encouragement of investment and innovative development, the systems approach these objectives in unique ways. This article provides an overview of each country's basic patent laws, highlights key and recent amendments, and aims to clarify how these amended laws impact patent protection in the United States, the Russian Federation, and around the world.

II. OVERVIEW OF PATENT LAWS

A. U.S. Patent System

U.S. patent law grants an intellectual property right “to exclude others from making, using, offering for sale, or selling an invention throughout the United States or importing an invention into the United States”, for a limited time in exchange for public disclosure of the invention when the patent is granted.1 Under U.S. law, five primary requirements must be met before a patent will be issued: (1) patentable subject matter, (2) usefulness, (3) novelty, (4) non-obviousness, and (5) enablement. Patentability is broadly defined as any process, machine, manufacture, or composition of matter, or improvement, but under U.S. law, the concept does not include physical phenomena or abstract ideas.2

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2 See, e.g., 35 U.S.C. § 101; Diamond v. Chakrabarty, 447 U.S. 303, 309 (1980) (patentable subject matter includes "anything under the sun that is made by man.").
Usefulness, novelty and non-obviousness are determined largely by whether an invention has a credible, specific and substantial use, whether it is disclosed or practiced by "prior art", and would be obvious to a person of normal skill in the art at the time the invention was made.  

Finally, the enablement requirement of U.S. patent law relates to the specification that must accompany every U.S. patent application. The specification must describe the workings of the invention, and one or more claims at the end of the specification stating the precise legal definition of the invention. To satisfy the enablement requirement, the specification must describe the invention with sufficient particularity that a person having ordinary skill in the art would be able to make and use the claimed invention without "undue experimentation."

The U.S. Patent and Trademark Office (USPTO) issues three different types of patents depending on the subject matter and type of protection sought: (1) utility patents, (2) design patents, and (3) plant patents. Approximately 90% of patents issued by the USPTO are utility patents - issued for the invention of a new and useful process, machine, manufacture, or composition of matter, or a new and useful improvement thereof. Utility patents generally permit owners to exclude others from making, using, or selling the invention for a period of up to twenty years from the date of patent application filing.

Design patents are issued for a new, original, and ornamental design embodied in or applied to an article of manufacture, and they permit owners to exclude others from making, using, or selling the design for a period of fourteen years from the date of patent grant.

Plant Patents are issued for a new and distinct, invented or discovered asexually reproduced plants, and they permit owners to exclude others from making, using, or selling the plant for a period of up to twenty years from the date of patent application filing.

B. Russian Patent System

Russian patent law consists of the regulations, which protect creation and use of the results of intellectual activity in science, technology and artistic design.
In order to be protected exclusive rights\textsuperscript{11} on results of intellectual activity need to be certified by patents granted by the Russian Patent Registration Agency (also named Rospatent) or by patents valid within the territory of the Russian Federation by virtue of the international treaties of the Russian Federation.\textsuperscript{12}

Rospatent issues three types of patents: (1) inventions patents, (2) utility model patents, (3) industrial designs patents.

Civil Code defines inventions as technical solutions in any area related to a product or method. There are three main requirements to qualify for an invention patent: (1) novelty, (2) presence of inventive step, and (3) industrial applicability.\textsuperscript{13}

These requirements are similar to the U.S. standards: invention must be generally not known from a technical level (i.e., not known in the world of information on solutions with the same function), non-obvious from a technical level to a person skilled in the art and must be economically or socially applicable.\textsuperscript{14}

Utility models (technical solution related to a device)\textsuperscript{15} are patentable if they satisfy criteria of novelty and industrial applicability.\textsuperscript{16}

Industrial design (artistic and design presentation of an article defining its outward appearance and manufactured industrially or by artisans)\textsuperscript{17} needs to satisfy criteria of novelty and originality.\textsuperscript{18}

Another group of patent rights, which, according to the Civil Code,\textsuperscript{19} comprise a separate legal institute distinct from patent law, are intellectual rights to Selection Attainments. However, classification introduced by the Civil Code is arguable since selection attainments have many similarities with inventions and are protected by patents as well. Selection attainments law protects varieties of plants and breeds of animals registered in the State Register of Protected Selection Attainments of the Ministry of Agriculture.

In order to be patentable selection attainment has to be new, distinct, uniform and stable.\textsuperscript{20}

\textsuperscript{11} See GRAZHDANSKII KODEKS ROSSIISKOI FEDERATSII [GK RF] [CIVIL CODE] art. 1226 (exclusive right is defined as proprietary right along with personal non-proprietary rights and other rights (droit de suite, right of access, and others)). (Russ.).

\textsuperscript{12} See GRAZHDANSKII KODEKS ROSSIISKOI FEDERATSII [GK RF] [CIVIL CODE] art. 1346 (Russ.).

\textsuperscript{13} See GRAZHDANSKII KODEKS ROSSIISKOI FEDERATSII [GK RF] [CIVIL CODE] art. 1350(1) (Russ.).

\textsuperscript{14} See GRAZHDANSKII KODEKS ROSSIISKOI FEDERATSII [GK RF] [CIVIL CODE] art. 1350(2, 4) (Russ.).

\textsuperscript{15} See GRAZHDANSKII KODEKS ROSSIISKOI FEDERATSII [GK RF] [CIVIL CODE] art. 1351(1) (Russ.).

\textsuperscript{16} See GRAZHDANSKII KODEKS ROSSIISKOI FEDERATSII [GK RF] [CIVIL CODE] art. 1351(2, 4) (Russ.).

\textsuperscript{17} See GRAZHDANSKII KODEKS ROSSIISKOI FEDERATSII [GK RF] [CIVIL CODE] art. 1352(1) (Russ.).

\textsuperscript{18} See GRAZHDANSKII KODEKS ROSSIISKOI FEDERATSII [GK RF] [CIVIL CODE] art. 1352(2, 3) (Russ.).

\textsuperscript{19} See GRAZHDANSKII KODEKS ROSSIISKOI FEDERATSII [GK RF] [CIVIL CODE] art. 1345(1) (Russ.).

\textsuperscript{20} See GRAZHDANSKII KODEKS ROSSIISKOI FEDERATSII [GK RF] [CIVIL CODE] art. 1412(2) (Russ.).

In an effort to find ways to eliminate or at least to mitigate legislative obstacles to, and to provide legislative support and stimulus for, innovation in both countries, an Innovation Working Group of the Russia-US Bilateral Presidential Commission (initiated by the Ministry of Economic development of the Russian Federation and U.S. Department of State) prepared a Report with suggestions on a number of legislative changes in patent law. This report was prepared on April 24, 2013 on the basis of research conducted by U.S. and Russian lawyers, including the authors of this article.

The Report provides recommendations concerning several issues, identified by the American Chamber of Commerce in Moscow in a Survey of its Members in March, 2012, that involve a number of different substantive areas of law, including intellectual property rights (“IPRs”), taxation, and special laws enacted to specially regulate certain activities involved in research and development (“R&D”) and creative work conducted by universities, entrepreneurs, and non-governmental organizations.

While the U.S. government has yet to act on recommended amendments or additions set forth in the Bilateral Commission Report, the Russian Duma (as detailed in Part III below) has implemented several of the Report’s recommended amendments concerning creative work conducted by universities and the establishment of small business partnerships.

III. RECENT AMENDMENTS TO U.S. PATENT LAW

The Leahy-Smith America Invents Act (“AIA”),21 represents the most significant change to U.S. patent law in over fifty years. The AIA went into effect in March of 2013, with a primary purpose of bringing the U.S. patent system in line with the laws of other countries, including Russia.

A. First Inventor to File System/Inventorship

Perhaps the most significant reform implemented by the AIA was a switch from a "first-to-invent" (FTI) system previously used for patentability and priority in the U.S., to a "first-inventor-to-file" (FITF) system. Under the FITF system, the "effective filing date" (i.e., the priority date that is critical to determining patentability) is defined under amended 35 U.S.C. § 100(i)(1) as "the earliest priority date for a claimed invention or the actual filing date if there is no priority claim to an earlier application."

Under the AIA, priority dates can come either from parent applications in the U.S. or from earlier-filed foreign applications (if a certified, translated copy of the application is provided and if it supports the claimed invention under 35 U.S.C. § 112). However, the AIA’s first-inventor-to-file system also provides inventors with the benefit of a one-year grace period intended to encourage early disclosure of new inventions.

As noted below, while Russia and much of the rest of the world adhere to a "first to file" (FTF) system (giving priority to the first individual or entity to file for a patent application), the FITF system now in place in the U.S. rewards those who invent, and then file first for patent protection. Though U.S. legislators contemplated adoption of a FTF system, such a system would likely have been struck down as unconstitutional. More specifically, the U.S. Constitution gives Congress the power to:

...[t]o promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.22

Thus, any grant of an exclusive right to individuals or entities other than inventors/authors would have violated the letter and spirit of this provision.23

By comparison, Russian law does not restrict a patent grant only to authors or inventors, though a right to apply for a patent initially belongs to them according to ¶ 1 Art.1357 of the Civil Code. Paragraph 1, Art. 1373 of the Civil Code, for example, stipulates that the right to obtain a patent and the exclusive right to an invention, utility model, or industrial design created in performance of work under a State or municipal contract for state or municipal needs shall belong to the organization performing the state or municipal contract (the performer) unless the State or municipal contract stipulates that this right shall belong to the Russian Federation, the subject of the Russian Federation or the municipal unit on behalf of which the State or municipal customer acts, or jointly to the performer and the Russian Federation, the subject of the Russian Federation or the municipal unit.

Provisions of ¶ 3 Art. 1370 of the Civil Code of the RF also specify that the exclusive right to the employee's invention, employee's utility model, or employee's industrial design and the right to obtain a patent shall belong to the employer unless otherwise provided for by a labor or civil contract between the employee and the employer.

According to ¶ 1 Art. 1371 of the Civil Code of the RF in the case when an invention, utility model, or industrial design is created in performing a contract of work and labor or a contract for performance of R&D, that does not specially provided for its creation, the right to obtain a patent and the exclusive right to such an invention, utility model, or industrial design shall belong to the contractor (the performer) unless the contract between him and the customer provides otherwise.

Finally, in the patent application submitted to Rospatent\textsuperscript{24} inventors and applicants are named separately and may not necessarily be the same. Art. 6.1 of the Rospatent Regulation\textsuperscript{25} repeats all the provisions of the Civil Code quoted above, and in its last sentence states that no confirmation of patent rights is necessary. In case of infringements inventors can restore their rights in Courts.\textsuperscript{26}

\textbf{B. Prior Art}

As noted above, "prior art" is a concept common to both U.S. and Russian patent systems. Prior to the enactment of the AIA, the U.S. system somewhat confusingly defined some prior art according to the date of filing a patent application, and other prior art according to the date of invention. The AIA has amended the definition of "prior art", tying it to a single standard, i.e., the "effective filing date" noted above. Under the AIA, the scope of prior art that can be used to invalidate a filing is broader. Under the old patent system, an offer for sale, sale, or public use in a foreign country, unlike those in the U.S., could not be used as prior art unless it appeared in a publication, patent, or patent application. The AIA, however, removes this geographic limitation, thus meaning that an offer for sale, sale or public use in Russia or another foreign country could be considered prior art that might otherwise invalidate a U.S. patent filing.\textsuperscript{27}

Significantly, the AIA also expands the scope of prior art by eliminating the "Himler doctrine", which prohibited the foreign priority date of a U.S. patent from being used as prior art. Under the Himler doctrine, foreign inventors who filed a patent application in their home country prior to filing a U.S. application were at a disadvantage because that foreign application was not effective prior art against any other U.S. application. Now the AIA eliminates this bias by providing that a published application or patent is "effectively filed" for the purposes of § 102(a)(2) on the date of actual filing in the U.S. or the date that a foreign or international application under §§ 119, 365(a), or 365(b) was filed.\textsuperscript{28}

Russian Law defines "prior art" in Art. 1350 of the Civil Code. Paragraph 2 of this Article stipulates that an invention shall be deemed new if it is not anticipated by prior art, which includes any information published anywhere in the world, and made available to the public, before the priority date of the invention. Rospatent has to certify that such technical solution was not known anywhere in the world including patents, publications and other information.

\begin{flushleft}
\textsuperscript{26}As in the U.S., Russian law allows a patent right to be conveyed to another person (the legal successor) or may be transferred in the cases and on the grounds provided for by the legislation including within the framework of a universal legal succession or under the contract, including labor contract. See GRAZDANSKII KODEKS ROSSIISKOI FEDERATSI [GK RF] [Civil Code] art. 1357 ¶ 1 (Russ.).
\textsuperscript{27}35 U.S.C. § 102(a)(1).
\textsuperscript{28}35 U.S.C. § 102(d).
\end{flushleft}
Thus in the RF, as well as in the US since 2013, a foreign priority date can be used as prior art.

When the novelty of an invention is determined, the state of the art shall also include, under condition of their earlier priority, all applications filed in the Russian Federation by other applicants for inventions, utility models and industrial designs, to the documents of which any person is entitled to get access, as well as inventions, utility models and industrial designs that have been patented in the Russian Federation.

In Russia, prior art can also be determined upon information disclosed by the author himself:

Disclosure of information relating to an invention by the author of the invention, applicant, or other person having received this information directly or indirectly from them, that made information on the essence of the invention public shall not be a circumstance precluding the recognition of the patentability of the invention if a patent application for the invention has been filed with the federal executive authority for intellectual property within six months from the date of disclosure of the information. The burden of proof that the circumstances have taken place by virtue of which the disclosure of information does not prevent the recognition of the patentability of the invention shall be on the applicant.

On the other hand, based on recent amendments under the AIA the definition of prior art under U.S. law is broader in at least two respects than current practice under the European Patent Convention ("EPC"). Under § 102(a)(2), prior art patents and published applications can be used for both novelty and obviousness analyses. Published PCT applications (i.e., international patent applications) fall within the scope of § 102(a)(2) provided that the U.S. has been designated, irrespective of whether or not the application has validly entered the U.S. national phase. In Europe the prior art under Article 54(3) EPC is available only if the application has validly entered the EPO regional phase, and then for novelty purposes only. Likewise, prior art in Russian Law can also be considered broader than current practice under the European Patent Convention ("EPC") as it can be used for both novelty and inventive step analysis.

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29 GRAZDANSKII KODEKS ROSSIISKOI FEDERATSII [GK RF] [Civil Code] arts. 1385 ¶ 2, 1394 ¶ 2 (Russ.).
30 Id. at art. 1350 ¶ 3. More specifically novelty and inventive step expertise is regulated by the Regulation of Rospatent of October 29, 2008 № 327.
C. Statutory Bars to U.S. Patent Rights

As of the date the AIA was implemented, an individual or entity will forfeit U.S. patent rights if any of the following occurs, unless the inventor has first filed a patent application:

- the invention is on sale anywhere in the world
- the invention is in public use or otherwise available to the public anywhere in the world
- the invention is described in a printed publication anywhere in the world.\(^{33}\)

Prior to adoption of the AIA, U.S. inventors could enjoy a one-year grace period, thus allowing them to retain U.S. patent rights for any product sold, disclosed or in public use if a patent application was filed within one year. Under the AIA, that one-year grace period extends only to inventions disclosed by the inventor (it does not extend to sales or public uses).\(^{34}\) In addition, while public disclosure may trigger a one-year grace period for U.S. patent rights, once made, it will terminate any foreign patent rights. Thus, if a U.S. inventor were to publicly disclose an invention, and then file a U.S. patent application within a year, the inventor would retain patent rights in the U.S. However, the inventor would not have priority for foreign patent rights (from the date of the disclosure).

Prior to filing a patent application care should therefore be taken to obtain non-disclosure agreements from anyone privy to any aspect of an invention to avoid allegations or public use (or disclosure that could terminate foreign rights), and a company or inventor should avoid marketing or otherwise taking orders to sell the product. It also remains advisable for a company or inventor to file a patent application prior to any disclosure, use or sale.

A general recommendation to avoid marketing or otherwise taking orders to sell the product could also be applicable under Russian law. Obtaining non-disclosure agreements is also advisable. However, non-disclosure agreements are not as broadly exercised in the Russian Federation as in the U.S. Finally, under Russian law, it is also somewhat unclear how to claim damages in case of patent denial based on the disclosure (except for any fine that may be set in the non-disclosure agreement itself).

D. “Patent Troll” Litigation

It is also clear from the AIA’s legislative history that Congress wanted to address the increase in U.S. patent litigation by non-practicing entities (NPEs), sometimes also referred to as "patent trolls". Within the past year, the problem of “patent trolling”—where an individual or entity asserts a frivolous claim for patent infringement in order to extort a nuisance value settlement from a legitimate business entity—has become

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\(^{34}\) 35 U.S.C. § 102(b).
an epidemic in the U.S.\textsuperscript{35} In one federal district, the Eastern District of Texas, NPE litigation has become a sort of cottage industry, generating huge plaintiff-friendly verdicts, such as the recent verdict requiring Apple to pay $532.9 million\textsuperscript{36} Since passage of the AIA, Congress has introduced numerous bills aimed at addressing patent troll litigation, but none has been enacted.\textsuperscript{37} With a growing number of retailers and tech giants, including Facebook and Amazon, anchoring the new “United for Patent Reform” coalition, it is anticipated that Congress will again take up the issue during 2015.

According to one study published by the American Intellectual Property Law Association (“AIPLA”), when a non-practicing entity brings a complaint for patent infringement, and even where the value of the demand or alleged damages is less than one million dollars (and regardless of the claim’s merit), the attorneys’ fees required for a targeted entity to defend the claim often exceed one million dollars. Other widely cited studies estimate that the costs to the U.S. economy of patent trolling total over $30 billion per year.\textsuperscript{38} Section 34 of the AIA requires the General Accounting Office to “conduct a study of the consequences of [patent] litigation by non-practicing entities,” and it is likely that further costs from patent trolling will be identified in the U.S.\textsuperscript{39}

Although patent reform has not yet explicitly addressed patent trolls, the AIA did change the rules on joinder of multiple defendants into one lawsuit, thus limiting an


\textsuperscript{37} \textit{See}, e.g., H.R. 3309 (Innovation Act); H.R. 845 (SHIELD Act); S. 1013 (Patent Abuse Reduction Act).


NPE’s ability to sue multiple defendants in one suit. Prior to adoption of the AIA, NPEs would typically file patent infringements suit against numerous defendants that had nothing in common, other than the fact that each had been accused of infringing the same patent. Then, the NPE would join the defendants in one suit (or consolidate the lawsuits), typically in jurisdictions known to be favorable to NPEs.

The AIA, however, permits joinder of defendants only where the claims against the defendants arise out of “the same transaction, occurrence, or series of transactions, or occurrences relating to the making, using, importing into the United States, offering for sale, or selling the same accused product or process” and requires that questions of fact common to all defendants or counterclaim defendants arise in the same action. Thus, absent waiver, defendants may not be joined together in a patent infringement lawsuit based solely on allegations that they each have infringed the patents-in-suit, and a patent troll’s ability to minimize litigation costs, while maximizing settlement value, has thus decreased.

While the new AIA forbids one consolidated trial for co-defendants who do not meet the heightened joinder standard articulated above, the law does not address phases of litigation pre-trial. Many federal courts have consolidated pretrial issues amongst the defendants, including discovery in an effort to avoid wasting judicial resources in addressing common issues amongst the defendants.

For many reasons, patent trolls are not a big issue in Russia yet. First, there are far fewer patents issued in Russia than in the U.S., and thus there are not too many patent lawsuits by comparison. Innovations are developing very slowly in Russia. Sometimes industries use old standards and technical norms as opposed to adopting patented or new technologies.

Second, in Russia it is hard to claim damages for patent infringement. It is almost impossible to prove in a court an exact amount of damages sustained by the patent owner due to an infringement, and fixed compensation for infringement will only begin to be available in 2015. In addition, courts are very reluctant to use injunctive remedies in such cases. Thus, in Russia there is not a great financial incentive for trolling.

Finally, trolls’ patents are usually considered invalid on early stages of litigation in Rospatent through an administrative procedure with hearings in a Chamber for Patent Disputes (subdivision of Rospatent) before an ad hoc commission. In case a


41 Patent trolls are also known in the area of trademarks, however, they are even less problematic than with patents.
court has already decided in favor of the patent holder, such decision can be reconsidered based on the newly opened circumstances.\textsuperscript{42}

Nevertheless, as Russian IP law continues to evolve toward U.S. and European standards, and as Russian businesses find themselves doing business around the world, awareness of the possibility of trolling litigation is important to integrate into marketing and distribution strategies.

IV. RECENT AMENDMENTS TO RUSSIAN PATENT LAW

A. Bilateral Commission Report

The first amendments the Russian Duma adopted from the Bilateral Commission Report noted above became effective in fall 2013 and refer to important developments in regulation of small innovation enterprises (hereinafter “MIPs”), founded by the budgetary educational institutions of higher education, autonomous institutions, the budgetary scientific institutions and autonomous scientific institutions (hereinafter “universities and scientific institutions”) for the practical use (implementation) of their results of intellectual activities.

Due to the enactment of Article 103 of the Federal Law No. 273-FZ “On Education in the Russian Federation”, and the adoption of the amendments to Article 5 of the Federal Law No. 127-FZ "On Science and State Science and Technology Policy" starting from 1\textsuperscript{st} of September 2013:

MIPs can now be established in the form of business partnerships;

The restriction of the minimum participation share of universities and scientific institutions in MIPs (more than 25\% for joint-stock companies and more than 33.3\% for limited liability companies) has been abolished;

The requirement for third parties to make cash contributions for not less than a half of their shares in MIPs has been eliminated;

The intellectual activity results, the right to use which universities and scientific organizations contribute to the charter capitals of MIPs, may be owned by universities and scientific institutions jointly with other parties;

MIPs can now provide third parties (under a contract or otherwise) the right to use the intellectual activity results received from universities and scientific institutions as a contribution to their charter capitals; and

The requirement to record on a separate balance and to use revenues of universities and scientific institutions received from the disposal of shares and deposits (applies to business partnerships) in MIPs only for the purposes of legal protection of intellectual activity results, payment of royalties to authors and performance of statutory activities has been eliminated.

In summary, as recommended by the Report, universities and scientific institutions are allowed to establish MIPs, including in the form of business partnerships, with any size of participation shares and to engage third parties to participate in MIPs charter capital without the need to make cash contributions for not less than a half of their shares, with the ability for universities and scientific institutions to solely use revenues received from the sale of shares and deposits in MIPs. MIPs have also received an opportunity to transfer to third parties, including by way of sublicensing, the right to use the intellectual activity results provided to them by universities and scientific institutions. These amendments bring Russian IP law more in line with U.S. law regarding start-ups, incubators and third-party investment.

B. Patent Law Reform

In addition to the amendments suggested by the Bilateral Commission Report, Federal law N 35 of March 12, 2014 introduced multiple changes to Russian IP Law including patent law and can be considered a significant reform in this area of law.

1. New object of patent law - «using of product or method with the special purpose» ¶ 1, Art. 1350 Civil Code – effective...

According to this article, the list of patentable inventions is extended to technical solutions, introducing using of product or method in a new way with the purpose not seen before. U.S. law similarly allows a patent for improvements or new uses. 35 U.S.C. § 101 ("[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent . . .") (emphasis added).

2. New version of ¶ 3, Art. 1354 Civil Code excludes essential features for industrial design on the stage of patent application

This article introduced changes to the state registration of industrial design patents. Patent rights are now established upon the appearance of the product. This provision allows Russia, like the U.S., to join international conventions on industrial design (The Hague Agreement Concerning the International Deposit of Industrial Designs of 06.11.1925 and Geneva Act of the Hague Agreement Concerning the International Deposit of Industrial Designs of 02.07.1999).
3. **Prior use definition became broader according to Art. 1361 of the Civil Code (effective Oct. 1, 2014)**

In the new edition of ¶ 1, Art. 1361 Civil Code, prior use effects not only similar solutions, but also solutions which are different from the invention only with its equivalent features. These new amendments not only broaden prior use rights for persons who created results of intellectual activity at the same time, but also allow for a single interpretation for *using of patent rights objects* definition in case of dispute.

As set forth above, the AIA likewise expands the definition of prior art in 35 U.S.C. § 102(d).

4. **According to the new version of Art. 1363 Civil Code, patent rights on industrial design are limited to 5 years instead of 15 years as regulated by the present version (effective Jan. 1, 2015)**

This time can be prolonged for up to 25 years with the special state fee. Russia's new regulation is in line with the legislation of the EU.


The new version of Part 4, Art. 1370 of the Civil Code suggests that royalty rights for work, work for hire, and work related utility model or industrial design is unalienable, but goes over to author's heirs for the rest of the patent's validity.

The present version does not include regulations on probate law regarding compensation of work for hire. Thus, changes will enable clarity in the application of law and will enable univocal decisions for compensation.


The new version of Art. 1390 Civil Code suggests full expertise (including a formal and a substantial one) that will include information search to establish technical level and other conditions of patentability in the application. This will extend the time for patent application on utility models.

7. **Definition of after use right according to Art. 1400 Civil Code becomes broader-(effective Oct. 1, 2014)**

The present article is extended by Part 4, according to which an "after use right" can be transfered to another person only within the complex of the company where such invention or solution was used and is different from the invention by equivalent features (¶ 3, Art. 1358), utility model or industrial design, or when proper preparations were made.
The new version of Art. 1400 Civil Code specifies that after use right (right to use invention, utility model, industrial design, which emerged in a 3 year period starting from the expiration date for paying patent state tax, which was later recovered) is related to the specific property complex of the company where it derived.

U.S. law does not include any restrictions on the right to transfer after use rights within a single company or entity. On the other hand, U.S. law does restrict a patent owner's rights to a patented item once that item has been sold. This "first sale" or "patent exhaustion" doctrine provides that an initial authorized sale of a patented item terminates all patent rights to that item.43 While U.S. courts have not always consistently interpreted the scope of this doctrine, they have generally interpreted it to limit a patent owner's ability to restrict the authorized "use" or "resale" of a patented item, but it does not limit a patent owner's ability to restrict someone from making copies of a patented item.44

8. Liability in the form of alternative fixed amount compensation for the infringement of IP rights on inventions, utility models and industrial design. Art 1406.1 ГК РФ (effective Jan. 1, 2015)

As noted above, since January 2015, Russian law allows for compensation in connection with patent infringement as follows:

10,000 - 5,000,000 Rubs, upon court's decision;

or double the commercial value of the invention, utility model or industrial design. This value is usually comprised of the price which is usually established for using this patent or double the price of products where such patent is used.

These values are based on the prices which are charged in similar conditions for lawful use of the invention, utility model or industrial design or double value of goods in which such invention utility model or industrial design is used.

This change will strengthen liability for patent infringements and will allow right holders as an alternative to set a fixed compensation and avoid complicated calculations on damages and lost profit.

The U.S. does not have any specific caps on damages available for patent infringement, although it does require that any damages awarded be no less than a "reasonable royalty" for the use of the patent made by the infringer.45 In addition, U.S. law allows for the recovery of reasonable attorney's fees in "exceptional cases."46

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C. Establishment of IP Court

Another significant Reform refers to the Court System in the Russian Federation. Federal Constitutional law 31.12.96 № 1-FKZ «on the Court System of the RF», and № 3-FKZ 02.2014 «on the Supreme Court of the Russian Federation» unify The Supreme Arbitrazh Court and The Supreme Court of the Russian Federation (General Jurisdiction court). While the highest instance Arbitrazh Court ceases to exist (with its functions being delegated to the Judicial Chamber on Economic Disputes), Arbitrazh courts of the lower level continue to function. This change will affect work of the newly established IP Court, which is yet still a part of the Arbitrazh court system. The Chief Justice of the Supreme Court of the Russian Federation will now distribute judges to their respective panels and chambers.

V. SUMMARY

U.S. and Russian IP law continues to evolve to address the challenges of global markets and competition, as well as the ever-rapid pace of innovation. With particular regard to patents, both countries have made strides in bringing their respective legislation in line with competitive and global standards.

With the adoption of the America Invents Act, for example, the U.S. has adopted a new patent priority rule (a first-inventor-to-file rule), far more consistent with the first-to-file priority rule followed in Russian and the rest of the world than its prior "first to invent" priority rule. The America Invents Act further recognizes the force of foreign patents in establishing priority; thereby encouraging global or international patent filing and a consistent approach to protection of patented ideas and inventions around the world.

In turn, Russia has adopted recommendations of the Bilateral Commission Report that allows formation of small business partnerships and eliminates stringent requirements on equity investment and ownership. As they have done in the U.S. and around the rules, these new laws should encourage Russian investment in university and third-party funded start-ups and incubators. As has long been the practice in the U.S., beginning in 2015, Russian law will also allow for monetary damages in cases of patent infringement. These damages awards will not only protect Russian patent owners, but also will likely encourage foreign applications and investment in innovative technology within the Russian Federation.